

Minutes of the Executive Compensation Committee of
The Board of Directors of CareFirst, Inc., held July 25,
2001

Members Present: Joe Haskins, Ed Baran, Hanan Sibel and George Wilkes

Also Present: Dan Altobello, William Jews and Don Barnes

A special meeting was called by the committee chairman, Mr. Joseph Haskins, to revisit a specific decision regarding the payment of a retention bonus to the executive vice presidents and the CEO. The following was discussed:

- Originally, the committee approved a payment of 2.5 - 3 times salary to these executives if a strategic transaction was not completed.
- In revisiting this decision, the committee decided that the executive vice presidents and CEO would not receive a retention bonus if the transaction is not completed.
- The committee agreed that this decision would be part of their recommendation to the Board of Directors.

Respectfully submitted,


Sharon J. Vecchioni



CareFirst

Compensation Committee Presentation

Strategic Planning and Finance Committees

July 25, 2001

OCC 016473

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Strategic Purpose

CareFirst

***“To Be A Leading Health Care Company Recognized for
Excelling at Satisfying Customer Needs”***

- ☐ \$8 - \$11 Billion in Revenues
- ☐ Serving 4.2 - 6.1 Million Members
- ☐ Total Capital Base of \$1.5 - \$1.7 Billion
- ☐ Top Market Position in Key Consumer Segments
- ☐ Three Times the Relative Market Share of Next Competitor

Seek a Strategic Partnership

Maintain Purchase Price of \$1.3 Billion



Compensation Components

CareFirst

- ☐ Public Relations and Perceptions
- ☐ Existing, Earned and Contractual Benefits
 - Associate
 - Executive
- ☐ Critical Deal Points - Compensation
 - Retention Bonus
 - Associate Benefits
 - Merger Incentive and Excise Tax



□ Goals

- Compensation and Benefit Plans that Pass Regulatory and Public Scrutiny
- Do Not Negatively Impact Associates
- Ensure Directors Can Stand Behind the Decisions Made





CareFirst

Existing, Earned and Contractual Benefits

- Associate
- Key Management Associates - Non Contractual
- Executive

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Existing Associate Benefit Plan

CareFirst

☐ **Compensation**

\$273 million

Wellpoint
7

- Base Pay
- Incentives

☐ **Benefits**

29%

\$ 73 million

2270

- Health
- Time Off
- Retirement

Total Compensation

\$340 million

CareFirst Associate Benefits Equal 29% of Base Pay

